

Message Text

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ACTION AGRE-00

INFO OCT-01 ARA-14 ISO-00 EB-08 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15 STR-06

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 SOE-02 OMB-01

DOE-11 /112 W

-----064759 281015Z /23

R 261952Z JAN 78

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 5784

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

UNCLAS RIO DE JANEIRO 0424

E. O. 11652: N/A

TAGS: EAGR, ETRO, BR

SUBJ: BRAZIL REDUCES MINIMUM EXPORTS PRICE FOR COFFEE

1. ACCORDING TO REPORTS CARRIED IN JANUARY 24 RIO PRESS, THE BRAZILIAN COFFEE INSTITUTE (IBC), ON JANUARY 23, ANNOUNCED A REDUCTION IN THE MINIMUM EXPORT PRICE OF GREEN COFFEE FROM \$2.10/LB. TO \$2.00/LB. IN ADDITION, THE MINIMUM EXPORT PRICES FOR SPRAY-DRIED AND FREEZ-DRIED SOLUBLE COFFEES WERE LOWERED FROM \$4.20/LB. TO \$4.00/LB. AND FROM \$5.20/LB. TO \$5.00/LB. RESPECTIVELY. THE NEW PRICES WERE EFFECTIVE JANUARY 24 AND ARE VALID, ACCORDING TO THE IBC ANNOUNCEMENT, UNTIL APRIL 30. THE CONTRIBUTION QUOTA REMAINS AT \$120 PER 60 KILOGRAM BAG (APPROXIMATELY .90C/LB.) FOR GREEN COFFEE AND AT .60C/LB. FOR SOLUBLE COFFEE.

2. CAMILLO CALAZANS, IBC'S PRESIDENT, SAID THE CHANGE WAS MADE TO REDUCE THE USE OF THE "CAMBIO PORTUGUES" (BLACK MARKET) BY EXPORTERS. HE EXPLAINED THAT SOME EXPORTERS WERE OFFERING UNDER THE TABLE CASH REBATES TO BUYERS. HOWEVER, WITH THE MINIMUM EXPORT PRICE SET ABOVE MARKET PRICE, THE INCENTIVE TO MAKE
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ILLEGAL REBATES REMAINS. IN ADDITION, THE PRESS CONTINUES TO SPECULATE THAT THE IBC IS OFFERING PRICE GUARANTEES TO BUYERS I.E. BUYER WILL BE GIVEN A REBATE IF AN AVERAGE OF MARKET PRICES AT TIME OF DELIVERY IS LESS THAN THE MINIMUM EXPORT PRICE.

3. IN A RELATED ANNOUNCEMENT MINISTER OF COMMERCE AND INDUSTRIES

CALMON DE SA SAID ON JANUARY 24, THAT JANUARY SALES OF GREEN
COFFEE WERE AVERAGING 20 TO 30,000 BAGS PER DAY. BRAZIL'S
MINIMUM EXPORT PRICE HAS BEEN HIGHER THAN THE WORLD MARKET PRICE
THROUGHOUT JANUARY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, EXPORT CONTROLS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
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From: RIO DE JANEIRO
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780119/aaaaapwx.tel
Line Count: 67
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fa3809e0-c288-dd11-92da-001cc4696bcc
Office: ACTION AGRE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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TAGS: EAGR, ETRD, BR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/fa3809e0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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